

SUMMARY OF 2013 COMMENT OPPORTUNITIES FOR POLICIES AND PROCEDURES OF ARKANSAS DEVELOPMENT FINANCE AUTHORITY MULTI-FAMILY HOUSING PROGRAMS, HOME PROGRAMS AND COMPLIANCE

Color Code

HOME

Tax Credit

Compliance

Single Family

Other

FINAL 09-06-2013

COMMENTER	COMMENT	RESPONSE
Jeff Van Patten	Mr. Van Patten asks that a one week cure period for tax credit applications be reinstated.	ADFA proposes 1 week response for non-threshold additional requirements.
Jeff Van Patten	Reinstatement of points for project based rental assistance for 30% or less AMI households.	ADFA already incentivizes lowest income developments and rental assistance provision.
Jeff Van Patten	Negative points for Non-Compliance 8823's are punitive. Change to only assess negative points if problems not fixed in a timely manner. Don't penalize developers with less than 40% of units in non-compliance status.	Developments are expected to be compliant 100% of the time; however no negative points will be assessed for developments with an average of less than 15% non-compliance.
Jeff Van Patten	Per 8/6/13 letter, regarding Proposed Compliance Guidelines Change in 2014 QAP, requests ADFA limit the negative non-compliance points to life safety issues.	Developments are expected to be compliant 100% of the time. All non-compliance will be considered.
Jeff Van Patten	Per 8/6/13 letter, regarding Proposed Changes in ADFA's 2014 QAP: Negative points prevent property managers from taking on a troubled project, as it may hurt their scores and negatively impact ability to add new projects	Negative non-compliance points are averaged over a 3 year period, giving managers adequate time to stabilize developments. New ownership and/or new management from previously non-compliant owners or management will be considered.

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Ron Hughes	Award applicants extra points for HOME or Tax Credits where HVAC crews or contractors hold certificates in Best Building Practice, Building Performance Institute or have completed an energy-related improvement course at technical college.	ADFA already considers energy-related improvements in the underwriting of applications.
Ron Hughes	Recommends that BPI certified contractors can test their own duct work as they build.	ADFA agrees.
Jim Petty	Recommends written memo from ADFA to tenants supportive of monthly inspections and that tenant is responsible for condition of unit. Some tenants have complained of privacy invasion resulting in Notices to Vacate.	ADFA will require developments to have written executed Tenant Agreements. The owner is responsible for obtaining Tenant Agreements.
Jim Petty	Negative points prevent property managers from taking on a troubled project, as it may hurt their scores and negatively impact ability to add new projects.	Negative non-compliance points are averaged over a 3 year period, giving managers adequate time to stabilize developments.
Jim Petty	Costs Caps need distinction between bedroom sizes, per square foot or other way to acknowledge difference between big and small projects. Other states use HUD 221(d)(3) limits. Historic cost cap is way too low.	Recommended cost caps have been adjusted and reflect usual and customary costs.
Jim Petty	Requests reinstatement of 1 week cure period for tax credit applications.	ADFA proposes 1 week response for non-threshold additional requirements.
Jim Petty	Per 8/28/13 e-mail, requests ADFA focus on issue of single family rental new construction being too expensive compared to multi-family. Single family construction promotes lower density, pride of ownership and lower turnover. But cost issues push builders to favor multi-family. However, per person / bodies, the cost of single family offers a better return on ADFA's dollars.	ADFA disagrees with per person cost offering a better return. Multi-Family developments can and do offer a wide range of unit mix.
Jim Petty	Per 8/28/13 email, notes that all surrounding states prioritize single family over multi-family. IRS Section 42 requirements mandates that selection criteria gives	ADFA follows the requirements of Section 42. Points are available for single parent/guardian with children 1 point, Housing intended for eventual tenant ownership 1 point and up to 13 points for housing for large families (3 bedrooms or larger).

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	preference to developments serving tenant populations with children (a/k/a larger units) and projects intended for eventual tenant ownership. He supports raising the points by 5 points for single family.	
Jim Petty	Per 8/28/13 email, regarding remarks by ADFA that eventual ownership has not been brought into fruition: the preference for eventual ownership was inserted into Section 42 in 2003 and has not had time to come about.	Applicants are eligible for 1 point for eventual tenant ownership.
Carr Hagan	Carr Hagan asks that a one week cure period for tax credit applications be reinstated.	ADFA proposes 1 week response for non-threshold additional requirements.
Carr Hagan	Reinstatement of points for project based rental assistance for 30% or less AMI households.	ADFA already incentivizes lowest income developments and rental assistance provision.
Carr Hagan	Negative points for Non-Compliance 8823's are punitive. Change to only assess negative points if problems not fixed in a timely manner. Don't penalize developers with less than 40% of units in non-compliance status.	Developments are expected to be compliant 100% of the time; however no negative points will be assessed for developments with an average of less than 15% non-compliance.
Doris Wright	Deduction of location points in Pulaski County has resulted in fewer applications to ADFA. Based on a population of 26,000 in her ward, with 13% in the low-income category, she wants projects approved in this area.	ADFA is successful in distribution of LIHTC resources fairly throughout Arkansas.
Jennifer Bartlett	Deduction of location points hinders CHDOS. *	HOME CHDO funds have been reduced by almost 50% therefore incentivizing CHDO's application is counter-productive.
Jennifer Bartlett	* Above comment elaborated upon in 8/28/13 e-mail: Removal of CHDO Points from the QAP will exclude some CHDO's, in certain cities and counties, from participation in the upcoming application cycle due to the significance of location points.	Not less than 10% of Housing Credits are set aside for non-profits. This gives all CHDOs an advantage over the majority of applications received by ADFA.
Jennifer Bartlett	Continue to provide points for CHDO developments that meet the capacity requirements. Thus CHDO's can build financial capacity and sustainability. Following the HOME program	HOME CHDO funds have been reduced by almost 50% therefore incentivizing CHDO's application is counter-productive.

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	rule regarding a CHDO as an owner, will eliminate multiple CHDO Set-aside applications. (Item 5 of her 7/5 letter)	
Jennifer Bartlett	Item 4 (Comment #1) of her 7/5 letter: Regarding cost caps, continue to exclude land and infrastructure costs from the per unit cost cap. Some of the MF units awarded in 2013 exceeded the cost cap when land and infrastructure scored high. A developer will provide as many units as possible for the viability and cash flow of the project. The max amount of LIHTC will still be awarded and the developer fee and other costs are based on the Total Development Costs so increasing the cost per unit allowance doesn't mean the developer would produce fewer units. To prevent fewer units, a minimum of the number of units that must be built/rehabbed would address that issue.	ADFA agrees.
Jennifer Bartlett	Item 4 (Comment #2) of her 7/5 letter: requests ADFA increase Special Needs Housing Cost Per Unit to be equivalent with Assisted Living Development Cost Per Unit.	ADFA disagrees. Assisted Living developments are required to have certain supportive services whereas Special Needs developments supportive services are optional.
Jennifer Bartlett	Item 3, letter dated 7/5 Provide (Some) location points within Pulaski County for rehab and new construction for special needs or elderly populations. Pulaski County Location points could be tied into a community revitalization Plan. Or any area that is not located within a priority location area, could receive points if the site is located within an adopted community revitalization plan area.	ADFA considers community needs when underwriting applications. Point system is intended to make LIHTC reservations for the most qualified developments and to fairly distribute LIHTC resources around the State.
Jennifer Bartlett	Item 1, letter dated 7/5/13: Requests additional points to projects that provide supportive services on site beyond the minimum requirement. For example, a developer can provide a minimum requirement (credit	Points for supportive services are already awarded based on the type and frequency of support services.

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	counseling one time) and get 5 points whereas an ongoing case management program provides after school care (above and beyond the minimum requirement) and gets only the same 5 points.	
Jennifer Bartlett	Item 2, letter dated 7/5/13: Enforce the rule limiting number of applications. Identity of Interest should be disclosed for all companies and parties. Adding language regarding familial status of owners, general partners, developer, architect and contractor may clarify the rule. HOME, HUD and USDA policies are all good regarding Identity of Interest situations.	ADFA already enforces the current rule limiting the number of LIHTC awards to any one entity.
Julie Mills	Projects awarded should be no more than 2 per year, regardless of person's/entity's role.	ADFA's position is that a limit of 3 developments per applicant is sufficient.
Julie Mills	Page 12 of the current QAP stating utility allowance documentation must be dated within 6 months prior to the application deadline needs addition of verbiage: "unless the utility letter clearly states what the cost will be for the year being applied for."	The utility allowance documentation must be dated within six (6) months prior to the Application Deadline, unless the application is for acquisition rehabilitation of a HUD or USDA development, then the current executed HUD or USDA forms are acceptable.
Julie Mills	Staff changes made to applications should result in a call to the applicant with an explanation of the change. The applicant should be given a chance to respond.	ADFA proposes 1 week response for non-threshold additional requirements, and ADFA staff does not make changes to applications received without applicant approval.
Julie Mills	Staff should not have discretion as to the market area. (pg. 14 of current QAP)	Market area discretion is crucial to project underwriting.
Julie Mills	If Staff decides cost and overhead are not reasonable, they must contact the contractor.	This is a threshold item that ADFA considers important for cost containment. The applicant is able to submit in the application an explanation for high cost items in their budget.
Julie Mills	Board should be able to be contacted via e-mail at any time. Up to each board member if they want to respond or not.	A majority of ADFA board members have expressed not to be contacted during the application review period.
Steve Craig	Applications not meeting threshold still need to be scored. Allows developer to explain deficiencies to owners.	In order to process applications in a timely manner, ADFA does not score applications failing threshold.
Steve Craig	Infrastructure should include curbs and gutters.	ADFA agrees.

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Steve Craig	Need firm definition of what constitutes "Owner" in regards to the 2 or 3 project awards limitation. Clarify intent of this limitation.	Project awards should be limited to prevent work capacity overload.
Steve Craig	Reduce amount of discretion allowable.	ADFA requires a certain degree of prudence to adequately administer the tax credit program.
Mitch Minnick	Reduce judgments left up to the discretion of the Staff. In the current QAP, "Discretion" is used 26 times.	ADFA requires a certain degree of prudence to adequately administer the tax credit program.
Mitch Minnick	Omit thick paper application by submitting on electronically on a disk in PDF/Adobe format.	ADFA is moving towards a paperless application process at some point in the future.
Mitch Minnick	Requests that new information pertaining to WCMS be distributed and compliance trainings be scheduled.	ADFA plans to conduct compliance trainings in Fall of 2013.
Mitch Minnick	Requests reinstatement of cure period.	ADFA proposes 1 week response for non-threshold additional requirements.
Mitch Minnick	Applicants failing threshold should be able to discuss, correct deficiencies and still be scored so applicants can provide feedback to owners.	ADFA proposes 1 week response for non-threshold additional requirements. In order to process applications in a timely manner, ADFA does not score applications failing threshold.
Mitch Minnick	Lessen the number of threshold items, currently at 23.	ADFA will review.
Mitch Minnick	Per letter dated 8/6/13, Fair Housing Training is a good requirement, but requests that it NOT be a threshold item. All relevant parties should be required complete the training prior to the project closing and beginning construction.	ADFA is committed to Fair Housing training in Arkansas and the training of the development community. Development team members must be knowledgeable in Fair Housing for the development to be successful. ADFA's position is the required biennial training must be a threshold item.
Mitch Minnick	Want ability to submit a pre-application due to expense of an application.	ADFA's 3 member Multi-Family staff lacks sufficient personnel to review both the pre-apps AND the final applications.
Mitch Minnick	Single Family cost cap of \$146,000 is inadequate for total development costs. Current numbers support \$160,000 range for total development costs. Consider use of HUD 221(d)(3) limits used by other states.	Recommended cost caps have been adjusted and reflect usual and customary costs. Single Family new construction per unit cost cap has been raised to \$148,000.
Mitch Minnick	Additional Cost Cap comment per letter dated 8/6/13: Based on multiple professional opinions and economic trends, request ADFA to follow lead of OK, MO, TX & KY	The development community has submitted or completed applications at or below the recommended cost caps. The HUD 221(d)(3) limits for a 3 bedroom unit in Arkansas of \$212,345 is high in ADFA's opinion. ADFA has

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	by using the HUD 221 (d)(3) cost caps as defined by bedroom size across all development types OR review the submitted applications from prior years and obtain an accurate representation for the purchase and infrastructure cost multiplier to set the single-family new construction cost cap OR set the single-family new construction cost cap at \$1465,000, provide a definition of infrastructure costs, and keep the existing per unit cost cap calculation (Total development cost less acquisition and infrastructure costs divided by total number of units).	defined infrastructure. Total development cost divided by total units is ADFA staff recommendation.
Mitch Minnick	Per 8/6/13: Requests Language should be amended/added that if ADFA uses its discretion to “determine reasonableness of all costs” that the applicant will be notified and given the opportunity to justify the reasonableness of the costs in question.	The applicant is able to submit in the application an explanation for high cost items in their budget.
Mitch Minnick	Infrastructure should include curb and gutter.	ADFA agrees.
Mitch Minnick	Reduce guttering & downspouts to entry points only for Multi Family and Single Family.	Recommend that minimum design standards shall suffice.
Mitch Minnick	Per letter dated 8/6/13, requests clarification of verbiage in Building Design Criteria B. Minimum Design Standards, 2. Exterior Building Standards: items “E” (gutters and downspouts) and “H” (primary entries).	MDS B.2.3-gutters and downspouts. The Gutters and downspouts requirement originates from Energy Star and EPA guidance for water management to protect the building foundation and soil erosion. MDS B.2.h-all primary entries. The 5X5 cover entry originates from Arkansas Usability Standards in Housing.
Mitch Minnick	Requests to submit a draft cost certifications prior to final cost certifications.	Developers are responsible for reviewing final cost certifications for correctness, thus draft cost certifications are not necessary.
Mitch Minnick	Minimum Design standards: Requests allowance of 2 bedroom units in larger single family developments. Fort Smith area has waiting list of 100 for 2 BR units.	ADFA will consider.
Mitch Minnick	Additional comments regarding Minimum Design per letter dated 8/6/13: Requests allowance of 2 bedroom, 1.5 bath single-family detached units as part of a single-	ADFA will consider.

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	family and/or duplex subdivision development.	
Mitch Minnick	Requests ability to contact the Board members during the “blackout” period.	A majority of ADFA board members have expressed not to be contacted during the application review period.
Mitch Minnick	Allow gas water heaters in same closet as HVAC (code allows it).	ADFA considers this practice to be unsafe.
Mitch Minnick	Per letter 8/6/13, Requests to know ADFA’s reasoning and rationale for relocating much of what was previously located in the QAP governing document to the Guidelines document.	To provide information to applicants on the application itself.
Mitch Minnick	Per letter 8/6/13, Regarding Independent Market Study: If ADFA reserves the right to substitute its own internal market analysis in place of an independent market study, why require applicants to go through the process and expense of obtaining the independent market study?	The Independent Market Study defines the market area, ADFA reviews the submitted study and verifies the information provided.
Mitch Minnick	Per letter 8/6/13, Regarding Appraisal: Existing wording is “The purchase price must be equal to or less than the appraised value of the land and buildings.” But in practice, the acquisition costs of property for future-development often exceed to appraised value of the property. Requests allowing the purchase price to exceed the appraised value by no more than 10% in order to provide the developer flexibility in the negotiation process.	ADFA believes current policy on allowable purchase price is prudent and aids cost containment of ADFA-financed developments.
Michael Jackson	Requests cost caps be raised in light of rising construction costs.	Recommended cost caps have been adjusted and reflect usual and customary costs.
Michael Jackson	Requests 2 bedroom units/homes under ADFA’s Homebuyer and Homeownership programs to allow more to qualify for cheaper homes.	ADFA rejects this request based on resale potential.
Michael Jackson	Consider needs of community vs. giving more points to counties that have had no projects awarded in past 3 years. Points system is too political.	ADFA considers community needs when underwriting applications. Point system is intended to make LIHTC reservations for the most qualified developments and to fairly distribute LIHTC resources around the State.
Michael Jackson	Request adoption of the national HUD HOME rule for serving low income families to expand housing opportunities. ADFA’s HOME	ADFA does not recommend. ADFA acknowledges that 92.252 a (2) allows for rents up to 65% of median income. However, the Program Rule (92.216 a (1)) requires not less than 90% of

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	rental units are limited to 60%, resulting in denial of services to the low income families that earn 60% to 65% of county median income.	families receiving rental assistance (TBRA & Rental) incomes do not exceed 60% of median income. By raising the rent limits to 65%, ADFA may jeopardize meeting the Program Rule (92.216 a (1)). Therefore, there is a potential repayment and/or loss of HOME funds.
Michael Jackson	Address needs of rural areas and small cities by allowing Multi-Jurisdictional Development in adjacent counties and nearby small towns. (i.e., across county lines)	ADFA already allows for multi-jurisdictional applications under owner occupied rehab, not multifamily due to project management obstacles.
Michael Jackson	Reinstate the CHDO operating grant program and deploy resources to ensure that CHDO applications are processed in a timely manner.	ADFA cannot recommend CHDO operating funds due to significant budget cuts.
Michael Jackson	Requests 15% admin cost reimbursement to nonprofit developers of rental projects. Refer to definition of "Recipient" on page 6.2 of HOME manual.	Non-profit rental developers must rely on developer fee to cover their admin costs.
Michael Jackson	Request support of Arkansas Housing Trust Fund as supported by ACHANGE. Make sure funds are used for intended use. Admin costs must be kept to a minimum.	ADFA already provides extensive support to AHTF. ADFA agrees.
Michael Jackson	Request support of USDA programs: 502 homebuyer loans, 515 multifamily loans, 521 rental assistance and 523 Self-Help housing.	ADFA strongly supports RD programs.
Ken Pyle	Reduce numerous areas of QAP left to "Discretion" of ADFA staff. The word "Discretion" is used 26 times in QAP.	ADFA requires a certain degree of prudence to adequately administer the tax credit program.
Tom Embach	Requests RD set aside. There is no reason anymore to incentivize use of HOME funds. (see 6/18/13 and 7/1/13 letters)	ADFA believes there is a good balance between incentives for new construction and rehab developments.
Tom Embach	Incentivize RD rehabs by awarding points based on the amount of credits per unit requested. A typical rehab averages < \$4,000 credits per unit while a new construction averages approx. \$12,000 credits per unit or a 3-1 advantage for rehab. (see 6/18/13 letter revised 7/1/13)	ADFA prefers to reserve LIHTC according to scoring criteria already adopted, which promotes LIHTC reservation for the most qualified developments.
Tom Embach	Reinstate rehab points to 10 points. Rehab of existing affordable housing should be reinstated as a	ADFA believes there is a good balance between incentives for new construction and rehab developments.

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	point category, worth 10 points. (see 6/18/13 letter, revised 7/1/13)	
Tom Embach	Priority for state housing tax credits is currently give to 1) consolidated plan counties; 2) Qualified Census Tracts; 3) Counties not having rec'd award in the past 3 years; last to developments based on highest score. Due to limited amount of tax credits, they are exhausted before reaching category three. However, to the extent that they are not, he requests replacement of category three with developments financed in part by RD. (His Proposed Revisions to QAP doc #1, pg 1 item #2)	ADFA believes category 3 (assigning points to locations that have not had a LIHTC award in the past 3 years) serves to assist in the fair geographic distribution of LIHTC resources.
Tom Embach	Request encouragement of the use of Affordable Neighborhood Housing Tax Credits (ANHTCs) by allowing them to be requested independent of a Section 42 tax credit application. Lack of use of this credit makes it an easy target for elimination by legislature. Small developments run by non-profits could access for small scale rehabs. (His Proposed Revisions to QAP doc #1, pg 1 item #3)	ANHTCs are tax credits and should be used in conjunction with LIHTC.
Tom Embach	Request changing the Utility Allowance Calculation from a threshold item to an "Additional Item Required for a Complete Application" with ability to submit post-application but with a point deduction. (His Proposed Revisions to QAP doc #1, pg 1 item #4)	It is crucial that the most current utility allowances are used in project underwriting.
Tom Embach	Request elimination of requirement that operating reserve be replenished by end of year, but require principal of owner to execute an operating deficit guarantee(His Proposed Revisions to QAP doc #1, pg 1 item #5a).	ADFA believes replenishing operating reserve by year end is crucial to ongoing project stability.
Tom Embach	Requests elimination of requirement for replacement reserve for RD projects, because a replacement reserve is well-established through meeting RD's	ADFA disagrees.

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	reserve requirement. (His Proposed Revisions to QAP doc #1, pg 2 item #5b)	
Tom Embach	Credit the RD reserve amount toward meeting the ADFA-required operating reserve amount. If the RD reserve amount is greater than the operating reserve amount required by ADFA, this means the development will have one reserve account rather than 3 – the RD capital outlay reserve. In a development without RD, there will be 2 reserves: 1) the ADFA operating reserve and 2) the ADFA replacement reserve. (His Proposed Revisions to QAP doc #1, pg 2 item #5c)	ADFA believes its current operating replacement reserve requirements are adequate and should be maintained.
Tom Embach	Requests clarification that an appraisal appropriately includes the value of below-market loans such as a HOME loan. Current QAP only recognizes a “federal rental subsidy” as enhancing the appraisal. (His Proposed Revisions to QAP doc #1, pg 2 item #6)	ADFA believes current policy is adequate.
Tom Embach	Request reinstatement of the 20% tax credit set-aside for developments partially financed with RD funding. (His Proposed Revisions to QAP doc #1, pg 2 item #7)	ADFA believes current policy adequately addresses RD applications.
Tom Embach	Requests reinstatement of the cure period. (His Proposed Revisions to QAP doc #2, pg 1 item #II)	ADFA proposes 1 week response for non-threshold additional requirements.
Tom Embach	Requests credit is given to the amount of capital outlay reserves required by RD to the total amount of reserves required by ADFA regardless of whether the amount required by RD is greater or less than that required by ADFA. Regardless of the situation, ADFA should give credit to the amount incurred for the RD reserve, but should approve all such expenditures. (His Proposed Revisions to QAP doc #2, pg 1 item #III)	ADFA believes its current operating and replacement reserve requirements are adequate and should be maintained.
Tom Embach	The 30% basis boost for RD properties should be continued.	ADFA agrees.

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	(see 6/18 and 7/13/13 letters)	
Tom Embach	Requests ADFA keep location points as is. Especially the points given to counties that had no tax credit award for the past 3 years. A very good incentive. (pg 31 current QAP, Item 1a, b, and c.)	ADFA agrees.
Tom Embach	Requests ADFA keep Development of Special Needs Housing points as is. There is a good proven criteria for prioritizing overall needs. (pg. 31-32 of current QAP, Items 2a-f)	ADFA agrees.
Tom Embach	Requests points increase from 7 to 10 points for acquisition/rehab of existing structures. (pg 32 of current QAP Item 3a)	ADFA believes there is a good balance between incentives for new construction and rehab developments. ADFA has increased this from 7 to 8 points.
Tom Embach	Request leaving score at 5 points for rehab only (pg 32 of current QAP, Item 3b)	ADFA is eliminating this point category.
Tom Embach	Requests keeping points for USDA transfer funds commitments at 1 point. (Pg. 33 of current QAP, Item 4-1 for USDA and HUD Housing)	Development has a rental assistance contract or a commitment for project rental assistance from USDA Rural Development or HUD. Points for the above are allocated based upon percentage of rental assisted units to total number of units. Points available 8.
Tom Embach	Requests deletion of points for USDA construction or rehab funds commitment (Pg 33 of current QAP, Item 4-2 for USDA and HUD Housing)	Development has a rental assistance contract or a commitment for project rental assistance from USDA Rural Development or HUD. Points for the above are allocated based upon percentage of rental assisted units to total number of units. Points available 8.
Tom Embach	Request increase of points from 1 to 5 points for USDA rental assistance contract (Pg 33 of current QAP, Item 4-3 for USDA and HUD Housing)	ADFA recommends 8 points for USDA PBRA.
Tom Embach	Requests deletion of points for USDA loan guarantee with interest credit buy down. (Pg 33 of current QAP, Item 4-4 for USDA and HUD Housing)	Development has a rental assistance contract or a commitment for project rental assistance from USDA Rural Development or HUD. Points for the above are allocated based upon percentage of rental assisted units to total number of units. Points available 8.
Tom Embach	Requests giving 5 points to all categories of project based rental assistance regardless of years, i.e. Delete references to years: 11-20, 6-19 and 1-5. All project based rental assistance is renewed annually, subject to funding, regardless of term. (Pg 33 of	ADFA recommends 8 points for PBRA.

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	current QAP, Item 4 – 1 to 4 for HUD)	
Tom Embach	Request 3 points assigned to proposed development involving rehab of structures on the Nat'l Register of Historic Places/or contribute to a Registered Historic District be kept same. (Pg 33 of Current QAP, Item 5)	ADFA agrees.
Tom Embach	Requests no change to current policy that Developer Fee, including consultant fees, are 10% or less of net development costs. (Pg 33 of current QAP, Item 6)	ADFA agrees.
Tom Embach	Request that we decrease the percentage from 20% to 10% as a minimum of the total residential units in the development that must be market rate units. Will demonstrate income diversity within a development. (Pg 33 of current QAP, Item 7)	ADFA believes a reduction in its percentage of market rate units will not result in production of more market rate units.
Tom Embach	Request change to Advanced Energy Efficiency Features (Pg 34 of current QAP, Item 9) by adding 3 points for 3 rd party inspection and energy rating sheet as set by a licensed energy rater and inspector.	ADFA believes the current policy is adequate.
Tom Embach	Request elimination of giving 10 points for a CHDO (Pg 36 of current QAP, item 13)	ADFA agrees.
Tom Embach	Agrees technical corrections regarding RD Operating Reserve could be handled at staff level. (pg 4 of his 7/1/13 letter) Kristi Norwick's elaboration states ADFA should credit the amount of RD's capital outlay reserve requirement to the total amount of ADFA required reserves regardless of whether RD requires more or less than ADFA.	ADFA believes its current operating and replacement reserve requirements are adequate and should be maintained.
Tom Embach	Agrees 3 applications max as per current QAP regulations have been reasonable and fair. (pg 4 of his 7/1/13 letter)	ADFA agrees.
Tom Embach	Blackout period of no contact to board or staff during processing period is a good and reasonable requirement. (pg 4 of his 7/1/13	ADFA agrees.

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	letter)	
Tom Embach	Staff is capable of using discretion in a proper manner. Some states have no scoring and projects are selected solely at the discretion of the Staff. (pg 4 of his 7/1/13 letter)	ADFA agrees.
Tom Embach	Requests clarification on Cost Caps and Infrastructure. (pg 4 of his 7/1/13 letter)	ADFA will provide the requested clarification.
Tom Embach	Based on dealings with other states regarding their LIHTC programs, ADFA is head and shoulders above most programs. The program is administered fairly by a well-trained, experienced, and hard-working staff.	ADFA appreciates.
Ken McDowell	Requests re-instatement of cure period.	ADFA proposes 1 week response for non-threshold additional requirements.
Ken McDowell	Requests clarification on use of incentive funds for assisted living. In view of fact that DHS has almost doubled number of the Medicaid waivers, what market studies will be used...will they be long term care or privately produced market studies.	AL market study should be produced by an independent market study provider. ALIF moratorium may be lifted in 2014.
Ken McDowell	Requests an increase of the cost caps. Improvement of housing market will result in higher construction costs.	Recommended cost caps have been adjusted and reflect usual and customary costs.
Oke Johnson	Request prioritization of 8823 to weight the levels of non-compliance. There are different levels of non-compliance. Some are life threatening and others are just normal maintenance.	ADFA disagrees.
Oke Johnson	Recertification process should be expanded to 100%. Due to layering, 6 out of 50 units may be affected, so why recertify the other 44 units? After the first year, not much information is gleaned from recerts.	ADFA disagrees.
Oke Johnson	Revise non-compliance scores to be based on the speed and quality of a response instead of whether or not the violation existed.	ADFA disagrees.
Brent Lacefield	Requests priority be given to areas that haven't had funded projects in several years. (With a focus on new units, not just rehab.)	ADFA believes current policy is adequate.

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Brent Lacefield	Infrastructure should include curbs and gutters.	ADFA agrees.
Brent Lacefield	Requests no deduction of points for an "A" but instead, reward points.	ADFA agrees that no deduction should be made for an "A"; however, no reward points will be given for substantially compliant developments.
Brent Lacefield	Wants to be able to submit a draft cost certifications prior to final cost certifications.	Developers are responsible for reviewing final cost certifications for correctness, thus draft cost certifications are not necessary.
Brent Lacefield	Recommends increase of cost caps.*	Recommended cost caps have been adjusted and reflect usual and customary costs.
Brent Lacefield	*Above comment elaborated upon in 8/27/13 e-mail: Proposed cost caps make multifamily more favorable to builders, but Arkansans would benefit more by single family. Requests ADFA adopt a system which "self-adjusts" annually such as using HUD's limits.	HUD 221(d)(3) limits are high in ADFA's opinion.
Brent Lacefield	Requests QAP change every 2 years, not every year. Would save time and effort.**	ADFA is required to review the QAP annually per IRS regulations.
Brent Lacefield	**Above comment was modified per 8/27/13 e-mail: Requests QAP be reviewed every year, but keep the points system the same for a 2 year period.	ADFA receives public comments and suggestions annually and works to incorporate what is best for the program. ADFA hopes that the current proposed point system will not need changing, but must be able to adapt to meet the needs of housing in Arkansas.
Brent Lacefield	Per 8/27/13 e-mail, requests rehab priority should be given to ADFA's existing developments over RD developments, in light of decreased funding.	USDA Rural Development and ADFA's relationship in providing housing together go back to the beginning of the tax credit program and ADFA is committed to continuing our partnership with USDA in the future.
Danielle Nall	Omit thick paper application by submitting on electronically on a disk in PDF/Adobe format.	ADFA is moving towards a paperless application process at some point in the future.
Danielle Nall	Requests QAP change every 2 years, not every year. Would save time and effort.	ADFA is required to review the QAP annually per IRS regulations.
Danielle Nall	Requests cure period for tax credit applications be reinstated.	ADFA proposes 1 week response for non-threshold additional requirements.
Danielle Nall	Clarify definition of Infrastructure. Would like to see it include curbs and gutters.	ADFA agrees.
Karen Phillips	Requests cure period be reinstated.	ADFA proposes 1 week response for non-threshold additional requirements.
Karen Phillips	Requests open communications between Staff, Board and applicants.	ADFA agrees.
Karen Phillips	Request support of Arkansas Housing Trust Fund as supported	ADFA already provides extensive support to AHTF. ADFA agrees.

COMMENTS	COMMENTS	RESPONSE
	by ACHANGE. Make sure funds are used for intended use. Admin costs must be kept to a minimum.	
Karen Phillips	Reinstate the CHDO operating grant program and deploy resources to ensure that CHDO applications are processed in a timely manner.	ADFA cannot recommend CHDO operating funds due to budget cuts.
Karen Phillips	Request adoption of the national HUD HOME rule for serving low income families to expand housing opportunities. Non-HOME rental units are limited to 60%, resulting in denial of services to the low income families that earn 60% to 65% of county median income.	ADFA does not recommend. ADFA acknowledges that 92.252 a (2) allows for rents up to 65% of median income. However, the Program Rule (92.216 a (1)) requires not less than 90% of families receiving rental assistance (TBRA and Rental) incomes do not exceed 60% of median income. By raising the rent limits to 65%, ADFA may jeopardize meeting the Program Rule (92.216 a (1)). Therefore, there is a potential repayment and/or loss of HOME funds.
Karen Phillips	Address needs of rural areas and small cities by allowing Multi-Jurisdictional Development in adjacent counties and nearby small towns. (i.e., across county lines)	ADFA already allows for multi-jurisdictional applications under owner occupied rehab, not multifamily due to project management obstacles.
Karen Phillips	Requests 15% admin cost reimbursement to nonprofit developers of rental projects.	Non-profit rental developers must rely on developer fee to cover their admin costs.
Karen Phillips	Thanks to Board, Staff with many successes: 1) Murray's Single Family Home To Own operates smoothly 2) Default Counseling funds are a huge help 3) Joe's HOME program rehab team processes quickly.	ADFA appreciates.
Karen Phillips	Per e-mail dated 8/29/13, Requests single family rental cost cap be raised to \$160,000. Notes that there is an inaccurate assumption that apartments are cheaper for the government than single family homes. Arkansans strongly prefer single family homes. Proposed cost caps will shut out single family rental housing from the tax credit market.	Recommended cost caps have been adjusted and reflect usual and customary costs. Single family new construction per unit cost cap has been raised to \$148,000.
Shannon Nuckolls	Single Family Home To Own with DPA and ADDI is well run and has shown vast improvements from a few years back.	ADFA appreciates.
Ed Wiles	Requests calculation of cost caps to not include infrastructure. Definition of infrastructure	ADFA agrees.

COMMENTS	COMMENT	RESPONSE
	depends upon location of a project.	
Ed Wiles	After removing infrastructure from cost cap calculation, raise caps relative to each unit size. For example, a 1 bedroom unit could be capped at a cost of 5% above the current cap of \$132,000 and set a new cap of \$138,600. A 2 and 3 bedroom should be capped at higher rates of 10% and 15% respectively, which would amount to \$145,200 and \$151,800 respectively.	Recommended cost caps have been adjusted and reflect usual and customary costs.
Ed Wiles	Caps on assisted living and senior housing (one bedroom units) are currently sufficient.	Recommended cost caps have been adjusted and reflect usual and customary costs.
Ed Wiles	Costs cap of \$132,000 for rehab of existing units is currently adequate but should be examined annually.	Recommended cost caps have been adjusted and reflect usual and customary costs.
Ed Wiles	Request increase current 7 points to 10 points for acquisition/rehab of existing federally assisted housing. Priority must be given to preservation of current supply of subsidized housing.	ADFA believes there is a good balance between incentives for new construction and rehab developments, although points for acquisition rehab have been raised to 8.
Ed Wiles	Supports the current scoring of 5 points for rehab only .	ADFA agrees.
Ed Wiles	Currently 3 points are given to HUD projects and 1 point for USDA-RD projects. Requests awarding of 5 points for the use of USDA-RD and HUD rental assistance contracts for acquisition/rehab projects.	ADFA recommends 8 points for USDA PBRA.
Ed Wiles	Request elimination of points for projects with USDA loan guarantee with interest buy downs, as it is not likely to be available in the future.	Development has a rental assistance contract or a commitment for project rental assistance from USDA Rural Development or HUD. Points for the above are allocated based upon percentage of rental assisted units to total number of units. Points available 8.
Ed Wiles	Requests awarding 5 points for advanced energy features only if they are properly supported by an independent (and ADFA approved) home energy rater and inspector instead of a project architect.	ADFA believes current energy point system is working.
Ed Wiles	Requests elimination of 10 points for an applicant that has a CHDO in the ownership makeup and is requesting HOME CHDO funds.	ADFA agrees.

COMMENTS	COMMENTS	RESPONSE
	CHDO's could still be given consideration in the LIHTC non-profit set-aside and for increased HOME funding on a project.	
Ed Wiles	Supports the current points (up to 15 points) for market need.	ADFA agrees.
Ed Wiles	If something other than the market study is used for the basis of scoring the points, the application should be given notice prior to the final scoring as to what other market information was considered and why the professional study was not accepted or utilized.	ADFA has market study guidelines posted at: http://www.arkansas.gov/adfa/New_Folder/authority_publications.htm The guidelines clearly explain what is needed for a market study. During the review ADFA Staff uses the Market Study Guidelines, submitted market study and all other public information to confirm and score the market area.
John A. Williamson	Reinstate ADFA's cure period of one month for non-threshold and threshold items. Request Staff to provide clarification after initial scoring so that applications are not disqualified based on clerical errors or other minor deficiencies.	ADFA proposes 1 week response for non-threshold additional requirements.
John A. Williamson	Request that Project-based Section 8 projects be exempt from the requirement that utility allowance documentation be dated within 6 months of application. (since HUD pays the utilities)	ADFA agrees and proposes the following change to the utility allowance. The utility allowance documentation must be dated within six (6) months prior to the Application Deadline, unless the application is for acquisition rehabilitation of a HUD or USDA development, then the current executed HUD or USDA forms are acceptable.
John A. Williamson	Request that ADFA NOT remove requirements, procedures, regulations, and underwriting out of QAP into other documents. Since QAP is ultimately the governing document, this would increase misunderstandings and mistakes and slow the preparation of the application.	ADFA believes the new reorganization will benefit the applicant and eliminate confusion.
John A. Williamson	Supports continuation of the blackout period, with the exception of the cure period. The blackout period preserves the objectivity and consistency of the review process and increases ADFA's ability to efficiently review applications.	ADFA agrees.
Wally Nixon	Per 8/6/13 e-mail: Requests information how ADFA programs correlate with energy efficiency programs and state's investor-owned utilities under the Rules for Conservation and Energy	ADFA has worked with Pulaski Technical College and encouraged the development community to participate in training on Energy Star and Building Science. ADFA has informed the development community of energy rebates available through Entergy.

COMMENTS	COMMENTS	RESPONSE
	Efficiency (C&EE Rules) adopted by the AR Public Service Commission.	
Wally Nixon	Per 8/6/13 e-mail, asks if recipients of LIHTC and HOME program benefits are encouraged or obliged by ADFA to pursue all available utility EE offerings and incentives? (e.g., audits, rebates, product buy-downs, etc.)	ADFA has informed the development community of energy rebates available through Entergy.
Wally Nixon	Per 8/6/13 e-mail, asks history of LIHTC recipients and HOME grantees taking advantage of these utility programs, which began in late 2007. Have the utilities reached out to ADFA and the grantees/tax credit applicants/recipients to describe and enlist participation in their EE programs?	ADFA has no information on past usage of available energy efficiency programs by ADFA's housing partners. ADFA has been contacted recently by ICF International regarding energy efficiency program availability.
Wally Nixon	Per 8/6/13 e-mail, asks if ADFA is in a position to facilitate increased engagement between developers and the utilities on these matters?	ADFA can make its housing partners aware of available energy efficiency programs. ADFA will reach out to the utility providers and invite them to ADFA annual meetings with the development community.
Kristina Knight	Per e-mail dated 8/13/13 regarding DRAFT Application Guidelines, Item I 3.a: Construction Financing - Permanent Commitment letter should include the amount of loan, amortization period, annual loan payment and interest rate. But construction financing letter should only include amount of loan and interest rate.*(see below)	ADFA will clarify.
Arby Smith	* Per letter dated 8/30/13, request identical to above request made.	ADFA will clarify.
Kristina Knight	Per e-mail dated 8/13/13 regarding DRAFT Application Guidelines, Item 16: Cost Certification should not be included as a general requirement item, because it is the responsibility of the partnership and is not included in the construction contract amount.** (see below)	ADFA agrees and will remove the Cost Certification from the general requirements.
Arby Smith	**Per letter dated 8/30/13, made request identical to above request.	ADFA agrees and will remove the Cost Certification from the general requirements.
Arby Smith	Per letter dated 8/30/13, requests ADFA maintain 7 points for Acquisition Rehab. As evidenced in the 2013 LIHTC awards, the	ADFA agrees the 2013 round was well balanced, but at the Public meeting on 8-14-2013 the ADFA Board recommended more emphasis on rehabilitation. Acquisition Rehabilitation points

COMMENTS	COMMENTS	RESPONSE
	current point advantage provides a balance between rehab and new construction awards.	are now increased to 8.
Arby Smith	Per letter dated 8/30/13: Regarding USDA/ HUD Public Housing, requests ADFA either maintain or remove current points. Funding from USDA and HUD has decreased not only for future developments, but also for developments currently receiving rental assistance, leading to project instability once reserves are depleted.	In ADFA's opinion USDA and HUD developments with project based rental assistance need point preference in order to maintain the development and the State not lose the much needed rental assistance.
Arby Smith	Per 8/30/13 letter, requests ADFA require 8823 historical info from developer's new to Arkansas as part of their application. Commends ADFA for holding Owner's accountable to compliance standards.	ADFA uses Attachment A criminal background and disclosure form for applicant to disclose issues with other state agencies.
Arby Smith	Per 8/30/13 letter, commends ADFA for holding Owner's accountable to compliance standards.	ADFA agrees.
Arby Smith	Per 8/30/13 letter, agrees with ADFA that threshold items should not be allowed to be corrected during the Cure Period.	ADFA agrees.
Jim Petty	Per 7/26/13 letter, for properties designated as "troubled", requests a "Written Workout Plan" between ADFA and the new owner and/or management company whereby negative points/grades are not assessed initially or for a period of time.	Negative non-compliance points are averaged over a 3 year period, giving managers adequate time to stabilize developments. New ownership and/or new management from previously non-compliant owners or management will be considered.
Jim Petty	Per 7/26/13 letter, requests clarification memo from ADFA regarding subject of cleanliness.	ADFA will require developments to have written executed Tenant Agreements. The owner is responsible for obtaining Tenant Agreements. Units will be inspected according to Uniform Property Standard Conditions. (UPSC)
Jim Petty	Per 7/26/13 letter, applauds ADFA staff for allowing a recertification waiver for 100% tax credit properties.	ADFA agrees.
Jim Petty	Per 7/26/13 letter, requests lowering maximum CHDO amount from current \$900,000 but still give points for CHDO involvement. Thus retaining	HOME CHDO funds have been reduced by almost 50% therefore incentivizing CHDO's application is counter-productive.

COMMENTS	COMMENTS	RESPONSE
	CHDO capacity building while conserving limited funds available.	
Jim Petty	Per 7/26/13 letter, requests re-instatement of cure period, particularly for threshold items.	ADFA proposes 1 week response for non-threshold additional requirements. In order to process applications in a timely manner, ADFA does not score applications failing threshold.
Jim Petty	Per 7/26/13 letter, request that costs caps be looked at based on category, housing type – i.e., single family, multi-family, senior, etc. Also that costs should be looked at based on the number of bedrooms as well.	The development community has submitted or completed applications at or below the recommended cost caps. For example, the HUD 221(d) (3) limit for a 3 bedroom unit in Arkansas of \$212,345 is too high in ADFA’s opinion. Recommended cost caps have been adjusted and reflect usual and customary costs.
Jim Petty	Per 7/26/13 letter, requests a deeper analysis of acquisition costs vs. rehab costs. For example, a development acquired for \$90,000 per unit with minimum rehab required by ADFA for a total development costs of \$120,000 is not necessarily a better product long-term than a development that costs \$60,000 per unit and does a full rehab for the \$60,000 per unit.	Recommended cost caps have been adjusted and reflect usual and customary costs.
Jim Petty	Per 7/26/13 letter, requests raising the Historic Development cost cap of \$164,000 significantly, due to uniqueness of the development. Also, most developments have commercial space/costs that are “backed-out” of the eligible basis calculation but would be included in the overall total development costs.	Recommended cost caps have been adjusted and reflect usual and customary costs.
Nicole Barrett	Per 8/13/13 letter, requests a tax credit set-aside for proposals involving the preservation and rehab of existing single family rental housing.	ADFA already incentivizes rehab of existing housing through the point system.
Nicole Barrett	Per 8/13/13 letter, requests ADFA maintain the points awarded to proposals involving preservation.	ADFA agrees.
Nicole Barrett	Per 8/13/13 letter, requests ADFA maintain the green building incentives shown in the draft QAP. Revise design standards to provide enumerated scoring criteria for significant energy conservation improvements in rehabilitation. Consider using <i>Green Communities</i>	ADFA currently awards points for energy efficiency, and believes this system is working. Many of the criteria of www.GreenCommunities.org (Integrative Design, Location and Neighborhood Fabric, Site Improvements, Water Conservation, Energy Efficiency, Materials Beneficial to the Environment, Healthy Living Environment, Operations and Maintenance) are taken into

COMMENTS	COMMENTS	RESPONSE
	(at www.greencommunities.org) criteria, which is a proven standard.	account with our Universal Design, Minimum Design standards, and Compliance monitoring.
Nicole Barrett	Per 8/13/13 letter, requests ADFA consider partnering with local utilities to promote retrofits to existing affordable multi-family units. Energy efficiency upgrades, already used by many states, are a cost-effective approach to lower operating expenses and maintain affordability.	ADFA can make its housing partners aware of available energy efficiency programs. ADFA will reach out to the utility providers and invite them to ADFA annual meetings with the development community.
Belinda Snow	Per 8/28/13 letter, requests ADFA define a PHA Redevelopment Project as an existing public housing development to be either rehabilitated or demolished and re-built on same site or multiple sites, provided it does not exceed one for one replacement.	ADFA does not believe there is a need to define a PHA Redevelopment Project.
Belinda Snow	Per 8/28/13 letter, requests a scoring category of 10 points for a PHA Redevelopment Project to offset points lost under "Location" points for counties in which a tax credit award hasn't been made in the past 3 years. (allows a phased PHA redevelopment to remain competitive)	ADFA's location points system is to ensure reasonable distribution of LIHTC resources throughout the state, which has worked well for many years. By allowing 10 points for PHA Redevelopment, ADFA is of the opinion this would give an unbalanced advantage, and disrupt the balanced distribution in the state for locations without PHAs.
Belinda Snow	Per 8/28/13 letter, requests a PHA Redevelopment Project as a part of Scoring Criteria 3, acquisition rehabilitation of existing structures.	ADFA believes this would give an unfair advantage to the PHA. Criteria 3 for rehabilitation helps existing developments compete with other point categories they cannot achieve. The proposed project is clearly not acquisition and rehabilitation but demolition and new construction.
Belinda Snow	Per 8/28/13 letter, regarding Threshold Requirement 17, Per Unit Cost Cap; requests new category for PHA Redevelopment Project with a cost cap of \$164,000 per unit (the same as Historic Rehab) due to higher development costs than Historic Rehab. For example, infrastructure replacement, asbestos & lead remediation, demolition, HUD approval requirement, higher capital needs assessments, legal fees and engineering costs.	Recommended cost caps have been adjusted and reflect usual and customary costs. ADFA is of the opinion that the \$148,000 single family detached and \$138,000 for all other new construction is sufficient.
Elizabeth Small	Per 8/27/13 letter, requests increase of cost caps to keep up with continuously rising costs of	The HUD 221(d)(3) limits are high in ADFA's opinion.

COMMENTS	COMMENTS	RESPONSE
	materials, fees, insurance and fuel. Requests ADFA adopt 221(d)(3) non-elevator (or elevator) limits.	
Elizabeth Small	Per 8/27/13 letter, requests elimination of infrastructure requirement entirely in conjunction with adoption of the 221(d)(3) cost cap method.	ADFA does not agree with the HUD 221(d)(3) method.
Elizabeth Small	Per 8/27/13 letter, agrees cost certification should be submitted promptly following the completion of construction, realistically, however there may be items still in process: landscaping, punch lists items, weather delays or poor sub-contractor performance. Regardless of issuance of Certificate of Occupancy, the development may not be completed from an accounting standpoint. It may be best for all parties, to delay issuance of the cost certification pending rectification of these items.	ADFA agrees that Final Cost Certification should be submitted completely and accurately as soon as possible.
Elizabeth Small	Per 8/27/13 letter, agrees with and appreciates the proposed waiver for the 100% LIHTC properties. Submitted a sample form for self-certification for consideration by ADFA's use.	The form will be considered as well as other possible forms.
Elizabeth Small	Per 8/27/13 letter, Agrees with point deduction for life threatening issues. However, does not agree with 2014 QAP's proposed deduction of points from applications for the receipt of ANY issued Form 8823.	Consideration of all LIHTC non-compliance insures requirements are being met and maintained.